



	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	Since Inception^ (%p.a.)	Since Inception Cumulative^ (%)
Perennial Value Microcap Opportunities Trust (Net)	5.6	41.8	13.6	13.6	23.1	22.8	101.3
S&P/ASX Small Ordinaries Accumulation Index	-2.0	23.9	-5.7	-5.7	6.1	6.5	23.8
<b>Value Added</b>	<b>7.6</b>	<b>17.9</b>	<b>19.3</b>	<b>19.3</b>	<b>17.0</b>	<b>16.3</b>	<b>77.5</b>

<sup>^</sup>Since inception: February 2017. Past performance is not a reliable indicator of future performance.

## Overview

Volatility continued in June as the market grappled with the emergence of a 2<sup>nd</sup> wave of COVID-19 overseas, contrasted with strong earnings updates in Australia from companies with a domestic exposure. Consumers in particular responded to an earlier re-opening of the economy.

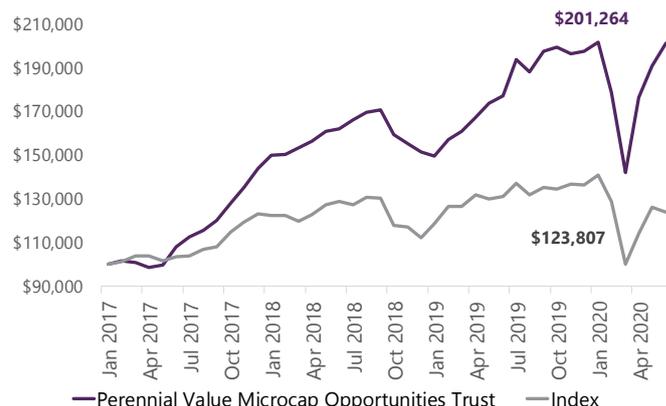
Given most companies had withdrawn earnings guidance, there were many genuine earnings surprises and large share price moves – definitely a stock pickers market.

The Trust performed well in such an environment, up 5.6%, compared to the Index which was down 2.0%. For the financial year 2020, the Trust was up 13.6% (net of all fees) compared to the Index, down 5.7%.

During the month, we continued to lock in profits in the more cyclical names as earnings may be more challenged once government stimulus is reduced or withdrawn. We still see active investment opportunities in other sectors but have begun building up cash in preparation for new opportunities during August reporting season.

The final distribution to be paid from the Trust is 7.4 cents per unit.

## Growth of \$100,000 Since Inception



Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

## Perennial Value Microcap Opportunities Trust

The aim of the Trust is to grow the value of your investment over the long term by investing in a portfolio of Australian companies that are either listed or unlisted companies found outside the S&P/ASX Top 100 Index, and to provide a total return (after fees) that exceeds the S&P/ASX Small Ordinaries Accumulation Index measured on a rolling three-year basis.

### Portfolio Managers

Andrew Smith and Sam Berridge

### Trust FUM

AUD \$217 million

### Distribution Frequency

Annual

### Minimum Initial Investment

\$25,000

### Trust Inception Date

February 2017

### Fees

1.20% p.a. + Performance fee

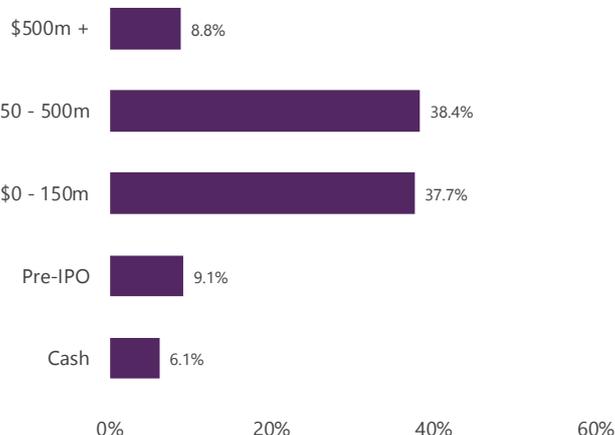
### APIR Code

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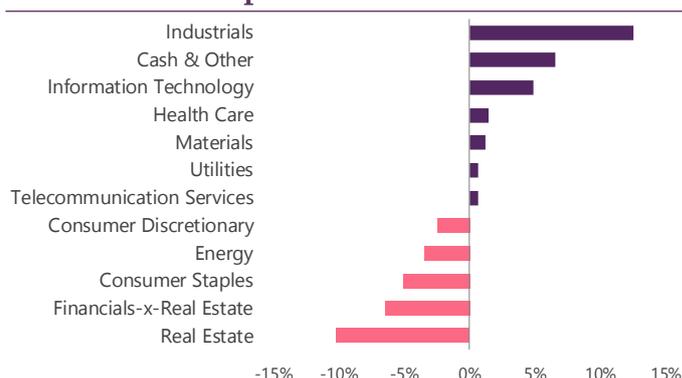
## Top 5 Positions

	Trust (%)	Index (%)
REDBUBBLE LTD	3.5	0.0
ALLIANCE AVIATION SERVICES L	3.4	0.0
GENETIC SIGNATURES LTD	3.0	0.0
MARLEY SPOON AG	2.7	0.0
SWICK MINING SERVICES LTD	2.6	0.0

## Market Capitalisation Exposure



## Sector Active Exposure vs Index



## Trust Review

Updates for many companies continued to be better compared to the very low market expectations.

Some examples from the Trust were:

- **Redbubble** (up 66.1%) provided a very strong trading update with quarter to date revenue growth of 107% and EBITDA for the 11month period of \$11.9m (also up over 100%).
- **HRL** (up 32.5%) provided EBITDA guidance of \$5.5-\$5.8m compared to consensus expectations of \$4.8m, with strong trading in the essential food testing business the main driver.
- **Primero** (up 18.2%) continued to add to its project pipeline via more work for the iron ore producers in WA.

Gold stocks continued to be a standout for performance, with contributions from:

- **Aurelia** (up 53.8%), having posted several positive updates, including upgraded production guidance, demonstrating a return to higher grade gold zones as per our investment thesis. A maiden resource for the Federation deposit could lead to a doubling of mine life for the Hera operation.
- **Capricorn** (up 15.1%) continued to progress towards first production next year with an update suggesting the Karlawinda Gold Project is on schedule.

Other resource stocks also made a strong contribution, such as:

- **Auteco** (up 196.3%) was up strongly after reporting a maiden resource of 830koz at 11.6g/t for its Pickle Cow gold deposit in Canada.
- **Strandline Resources** (up 62.5%) after securing a \$150m debt package from the Northern Australia Infrastructure Fund (NAIF) to help develop their Coburn Mineral Sands project.

Stocks that benefit from staying at home during COVID-19 began to perform again given signs of a second wave. For example, **Marley Spoon** (up 68.2%) and **Genetic Signatures** (up 12.6%) rallied during the month despite limited news flow from the company.

Corporate activity remained elevated with two large holdings raising capital - **Alliance Aviation** and **Uniti Group**.

**Alliance Aviation** (up 14.3%) has been a clear winner from the disruption. A recent profit upgrade highlighted share gains in regional routes and fly in fly out operations. They raised \$122m during the month to position themselves to opportunistically buy new aircraft given the large disruption to the industry. We supported the capital raising given management's history of significant value add through opportunistic fleet purchases.

**Uniti Group** (down 7.6%) provided an earnings upgrade and raised \$270m towards the proposed acquisition of close competitor Opticomm. The acquisition, if successful, will make Uniti the clear leader in fibre infrastructure for both land and multi-storey developments and is forecast to be 23% EPS accretive. Despite the positive news, the shares drifted lower as some uncertainty remains until the deal formally completes. With a market cap approaching \$1bn, if the deal completes, the company has well and truly moved out of the microcap universe – a satisfying performance given our investment began as a pre-IPO position.

We continue to be active in placements as an attractive entry point for new positions – during the month, we bought via a placement in both **Betmakers** and **FirstWave**.

There was limited negative news flow, although some stocks did drift lower such as **Superloop** (down 8.8%) and **SciDev** (down 21.6%).

At month end, the Trust had 70 positions and cash of 6.1%.

## Market Review – Australia (%)

S&P/ASX Small Ordinaries Index	-2.0
Energy	-8.5
Materials	0.0
Industrials	-3.0
Consumer Discretionary	-0.5
Consumer Staples	-8.1
Health Care	-3.9
Financials-x-Real Estate	-0.4
Real Estate	+2.1
Information Technology	+1.2
Telecommunication Services	-4.4
Utilities	+9.0

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Microcap Portfolio Managers: Sam Berridge (left) and Andrew Smith (right)